

SENATE BILL 959

M5, C5

4lr1719
CF HB 1256

By: **Senator Feldman**

Introduced and read first time: February 2, 2024

Assigned to: Education, Energy, and the Environment

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution**
3 **System Support Services**
4 **(Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act)**

5 FOR the purpose of ~~requiring the Public Service Commission, on or before a certain date,~~
6 ~~to adopt a transition plan requiring each electric company to transition customers to~~
7 ~~a certain time of use tariff on or before a certain date;~~ requiring a certain electric
8 company to file certain time-of-use tariffs with the Public Service Commission on or
9 before a certain date; requiring a certain electric company to attempt to achieve a
10 certain enrollment target for certain tariffs by a certain date; authorizing the
11 Commission to require the automatic enrollment of certain customers in a
12 time-of-use tariff, on an opt-out basis; requiring the Commission to adopt certain
13 regulations on or before a certain date regarding the interconnection of certain
14 systems to the electric distribution system; prohibiting an electric company from
15 requiring a certain customer to enter into a certain contract or apply for
16 interconnection with the electric distribution system; requiring a certain electric
17 company to require a customer to apply for interconnection with the electric
18 distribution system under certain circumstances; requiring the Commission to
19 develop a program for each a certain electric company to establish a pilot program
20 or temporary tariff to compensate certain persons for electric distribution system
21 support services in a certain manner; requiring each electric company to submit the
22 pilot program or temporary tariff to the Commission for approval on or before a
23 certain date; authorizing a certain electric company to propose and the Commission
24 to approve certain performance mechanisms for a certain purpose under certain
25 circumstances; requiring the Commission to approve a certain pilot program or tariff

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~by a certain date; authorizing the Commission to approve or require ~~on~~ a certain electric company to offer certain incentives or rebates under certain circumstances; requiring the Commission to consider establishing a certain limit on the amount of certain incentives or rebates; authorizing ~~on~~ a certain electric company to recover certain costs; prohibiting the dispatch of energy from a certain energy storage device to the electric distribution system under a pilot program or temporary tariff from being considered duplicative of any value realized by a certain customer through net energy metering; and generally relating to the generation and provision of electricity in the State.~~

BY repealing and reenacting, without amendments,

Article – Public Utilities

Section 1–101(a)

Annotated Code of Maryland

(2020 Replacement Volume and 2023 Supplement)

BY adding to

Article – Public Utilities

Section ~~1–101(p–1); and 7–1001 through 7–1008~~ 7–1007 to be under the new subtitle

“Subtitle 10. Electric Distribution System Support Services”

Annotated Code of Maryland

(2020 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Public Utilities

1–101.

(a) In this division the following words have the meanings indicated.

(P–1) “INVESTOR–OWNED ELECTRIC COMPANY” MEANS AN ELECTRIC COMPANY THAT IS NOT A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC COOPERATIVE.

SUBTITLE 10. ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.

7–1001.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “BENEFICIAL ELECTRIFICATION” MEANS REPLACING DIRECT FOSSIL FUEL USE WITH ELECTRICITY.

(C) “BIDIRECTIONAL ELECTRIC VEHICLE” MEANS AN ELECTRIC VEHICLE THAT IS CAPABLE OF BOTH RECEIVING AND DISCHARGING ELECTRICITY.

(D) “DISTRIBUTED ENERGY RESOURCE” MEANS AN ENERGY RESOURCE LOCATED ON A CUSTOMER’S PREMISES THAT:

(1) PRODUCES OR STORES ELECTRICITY; OR

(2) MODIFIES THE TIMING OR AMOUNT OF THE CUSTOMER’S ELECTRICITY CONSUMPTION.

(E) (1) “ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES” MEANS THE DISPATCH AND CONTROL OF A DISTRIBUTED ENERGY RESOURCE TO PROVIDE SERVICES THAT CONTRIBUTE TO THE EFFICIENT AND RELIABLE OPERATION OF THE ELECTRIC DISTRIBUTION SYSTEM BY:

(I) AN ELECTRIC COMPANY; OR

~~(II) AN AGGREGATOR ACTING:~~

~~1. AT THE DIRECTION OF AN ELECTRIC COMPANY; OR~~

~~2. UNDER A PROGRAM OR TARIFF APPROVED BY THE COMMISSION.~~

(II) AN AGGREGATOR ACTING AT THE DIRECTION OF AN ELECTRIC COMPANY.

(2) “ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES” INCLUDES:

(I) LOCAL OR SYSTEM PEAK DEMAND REDUCTION;

(II) DEMAND RESPONSE;

(III) THE AVOIDANCE OR DEFERRAL OF A TRANSMISSION OR DISTRIBUTION UPGRADE OR CAPACITY EXPANSION; AND

(IV) FACILITATING HOSTING CAPACITY TO ACCOMMODATE ADDITIONAL DISTRIBUTED ENERGY RESOURCES.

(F) “ELIGIBLE CUSTOMER-GENERATOR” HAS THE MEANING STATED IN § 7-306 OF THIS TITLE.

(G) "NET ENERGY METERING" HAS THE MEANING STATED IN § 7-306 OF THIS TITLE.

(H) "NET EXCESS GENERATION" HAS THE MEANING STATED IN § 7-306 OF THIS TITLE.

(I) (1) "RENEWABLE ON-SITE GENERATING SYSTEM" MEANS AN ENERGY SYSTEM LOCATED ON A CUSTOMER'S PREMISES THAT:

(I) GENERATES OR STORES ELECTRICITY FROM A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE THAT DOES NOT RELEASE GREENHOUSE GASES;

(II) IS CAPABLE OF PROVIDING ELECTRICITY TO:

1. A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN ELECTRIC COMPANY; AND

2. THE ELECTRIC DISTRIBUTION SYSTEM;

(III) IS PAIRED WITH AN ENERGY STORAGE DEVICE THAT IS CONFIGURED TO CHARGE FROM:

1. THE RENEWABLE SOURCE; AND

2. THE ELECTRIC DISTRIBUTION SYSTEM UNLESS, FOR THE PURPOSE OF ELIGIBILITY FOR NET ENERGY METERING, THE DEVICE IS REQUIRED TO BE CHARGED ONLY FROM THE RENEWABLE SOURCE; AND

(IV) IS INTERCONNECTED AND OPERATES IN PARALLEL WITH AN ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION FACILITIES.

(2) "RENEWABLE ON-SITE GENERATING SYSTEM" ~~INCLUDES~~ MAY INCLUDE BIDIRECTIONAL ELECTRIC VEHICLE SERVICE EQUIPMENT LOCATED ON A CUSTOMER'S PREMISES.

(J) "TIER 1 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

(K) "TIER 2 RENEWABLE SOURCE" HAS THE MEANING STATED IN § 7-701 OF THIS TITLE.

7-1002.

1 **THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:**

2 **(1) WELL-DESIGNED TIME-OF-USE PRICING OF ELECTRICITY CAN**
3 **HELP MITIGATE THE IMPACTS OF ELECTRIFICATION ON THE ELECTRIC**
4 **DISTRIBUTION SYSTEM, REDUCE GREENHOUSE GAS EMISSIONS DURING PEAK**
5 **HOURS, AND ENCOURAGE CUSTOMER ADOPTION OF BENEFICIAL ELECTRIFICATION**
6 **MEASURES THROUGH OFF-PEAK COST SAVINGS;**

7 **(2) WIDESPREAD BENEFICIAL ELECTRIFICATION WILL INCREASE**
8 **DEMAND ON THE ELECTRIC DISTRIBUTION SYSTEM AND POTENTIALLY REQUIRE**
9 **SIGNIFICANT SYSTEM UPGRADES IF CONSUMERS ADOPTING BENEFICIAL**
10 **ELECTRIFICATION MEASURES DO NOT ENGAGE IN A FORM OF LOAD MANAGEMENT**
11 **TO MITIGATE THE NEED FOR SYSTEM UPGRADES AND REDUCE THE GREENHOUSE**
12 **GAS INTENSITIES ASSOCIATED WITH GENERATION EMISSIONS DURING PEAK HOURS;**

13 **(3) PAIRING THE ADOPTION OF RENEWABLE ON-SITE GENERATING**
14 **SYSTEMS WITH BENEFICIAL ELECTRIFICATION MEASURES MAY:**

15 **(I) FURTHER REDUCE THE STATE'S GREENHOUSE GAS**
16 **EMISSIONS;**

17 **(II) PROVIDE ON-SITE RESILIENCE TO CONSUMERS; AND**

18 **(III) FACILITATE LOAD FLEXIBILITY TO MITIGATE IMPACTS ON**
19 **THE ELECTRIC DISTRIBUTION SYSTEM FROM LOAD GROWTH DUE TO BENEFICIAL**
20 **ELECTRIFICATION; AND**

21 **(4) IT IS REASONABLE TO PROVIDE ADDITIONAL INCENTIVES AND**
22 **PROTECTIONS TO LOW- AND MODERATE-INCOME HOUSEHOLDS:**

23 **(I) TO ENSURE ACCESS TO THE BENEFITS OF ELECTRIFICATION**
24 **AND ON-SITE ENERGY SYSTEMS; AND**

25 **(II) TO PROTECT THOSE HOUSEHOLDS FROM NEGATIVE BILL**
26 **IMPACTS DURING A TRANSITION TO TIME-OF-USE RATES.**

27 ~~**7-1003.**~~

28 ~~**(A) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, ON OR**~~
29 ~~**BEFORE DECEMBER 31, 2025, THE COMMISSION SHALL ADOPT A TRANSITION PLAN**~~
30 ~~**TO REQUIRE EACH ELECTRIC COMPANY TO TRANSITION EACH CUSTOMER, ON OR**~~
31 ~~**BEFORE SEPTEMBER 1, 2028, TO A TIME OF USE TARIFF.**~~

~~(B) THE TRANSITION PLAN REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL INCLUDE PROVISIONS TO EASE THE TRANSITION TO A TIME-OF-USE TARIFF FOR CUSTOMERS IN LOW- AND MODERATE-INCOME HOUSEHOLDS.~~

~~(C) THE TRANSITION TO A TIME-OF-USE TARIFF SHALL:~~

~~(1) ESTABLISH A SUFFICIENT PRICE REDUCTION FOR OFF-PEAK HOURS COMPARED TO PEAK HOURS TO ENCOURAGE CUSTOMERS TO ADJUST THEIR ELECTRICITY USAGE TO OFF-PEAK HOURS; AND~~

~~(2) ADEQUATELY EDUCATE AND ENCOURAGE CUSTOMERS TO ADJUST THEIR ELECTRICITY USAGE TO BENEFIT FROM LOWER RATES DURING OFF-PEAK HOURS.~~

~~(D) (1) EACH ELECTRIC COMPANY SHALL PROVIDE TO ITS CUSTOMERS NOTICE AND AN OPPORTUNITY TO OPT OUT OF A TIME-OF-USE TARIFF UNDER THIS SECTION.~~

~~(2) A CUSTOMER IS CONSIDERED TO HAVE GIVEN PERMISSION TO THE ELECTRIC COMPANY TO TRANSITION THE CUSTOMER TO THE TIME-OF-USE TARIFF:~~

~~(I) ON RECEIPT BY THE ELECTRIC COMPANY OF A RETURNED NOTICE EXPLICITLY GRANTING PERMISSION; OR~~

~~(II) IF THE ELECTRIC COMPANY HAS NOT RECEIVED A RETURNED NOTICE WITHIN 30 DAYS AFTER THE NOTICE IS GIVEN.~~

~~(3) A CUSTOMER WHO HAS REFUSED PERMISSION TO TRANSITION TO A TIME-OF-USE TARIFF MAY LATER REQUEST TO TRANSITION TO THE TIME-OF-USE TARIFF.~~

~~(E) FOR GOOD CAUSE SHOWN, THE COMMISSION MAY DELAY FOR A REASONABLE PERIOD OF TIME THE DEADLINE FOR AN ELECTRIC COMPANY TO TRANSITION THEIR CUSTOMERS TO A TIME-OF-USE TARIFF.~~

7-1003.

(A) (1) ON OR BEFORE JULY 1, 2025, EACH INVESTOR-OWNED ELECTRIC COMPANY SHALL FILE WITH THE COMMISSION ONE OR MORE TIME-OF-USE TARIFFS FOR APPROPRIATE CUSTOMER CLASSES, TO BE MADE AVAILABLE TO CUSTOMERS ON AN OPT-IN BASIS.

(2) EACH TIME-OF-USE TARIFF SHALL ESTABLISH A SUFFICIENT PRICE DISCOUNT FOR OFF-PEAK HOURS COMPARED TO PEAK HOURS, AS

1 DETERMINED BY THE MARKET OR AN INVESTOR-OWNED ELECTRIC COMPANY'S
2 COST OF SERVICE, TO ENCOURAGE CUSTOMERS TO ADJUST ELECTRICITY USE TO
3 OFF-PEAK HOURS.

4 (B) (1) (I) AN INVESTOR-OWNED ELECTRIC COMPANY SHALL
5 PROPOSE WITH EACH TARIFF OR TARIFFS REQUIRED UNDER SUBSECTION (A) OF
6 THIS SECTION A REASONABLE ENROLLMENT TARGET TO TRY TO ACHIEVE BY
7 JANUARY 1, 2028.

8 (II) THE INVESTOR-OWNED ELECTRIC COMPANY SHALL
9 ATTEMPT TO ACHIEVE THE ENROLLMENT TARGET THROUGH A COMBINATION OF
10 MARKETING, CUSTOMER EDUCATION, AND OTHER MEANS TO COMMUNICATE THE
11 BENEFITS AND RISKS OF TIME-OF-USE RATES.

12 (2) (I) THE COMMISSION MAY REQUIRE AN INVESTOR-OWNED
13 ELECTRIC COMPANY TO AUTOMATICALLY ENROLL IN A TIME-OF-USE TARIFF
14 CUSTOMERS THAT RECEIVE AN INCENTIVE FROM THE INVESTOR-OWNED ELECTRIC
15 COMPANY AS PART OF A BENEFICIAL ELECTRIFICATION PROGRAM.

16 (II) THE COMMISSION SHALL REQUIRE AN INVESTOR-OWNED
17 ELECTRIC COMPANY TO PROVIDE TO CUSTOMERS THAT ARE AUTOMATICALLY
18 ENROLLED IN A TIME-OF-USE TARIFF IN ACCORDANCE WITH SUBPARAGRAPH (I) OF
19 THIS PARAGRAPH NOTICE AND AN OPPORTUNITY TO OPT OUT OF THE TIME-OF-USE
20 TARIFF.

21 (C) ON OR BEFORE JULY 1, 2026, EACH INVESTOR-OWNED ELECTRIC
22 COMPANY SHALL SUBMIT A REPORT TO THE COMMISSION EVALUATING:

23 (1) THE POTENTIAL TO AVOID OR DEFER ELECTRIC DISTRIBUTION
24 SYSTEM CAPITAL PROJECTS THROUGH THE USE OF TIME-OF-USE RATES,
25 DEMAND-RESPONSE AND DEMAND-SIDE PROGRAMS, AND RENEWABLE ON-SITE
26 GENERATING SYSTEMS; AND

27 (2) THE MERITS AND FEASIBILITY OF TRANSITIONING ALL
28 CUSTOMERS TO A TIME-OF-USE TARIFF ON AN OPT-OUT BASIS.

29 (D) IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE,
30 ON OR BEFORE DECEMBER 31, 2027, THE COMMISSION SHALL SUBMIT A REPORT TO
31 THE GENERAL ASSEMBLY ON:

32 (1) THE IMPACTS OF OPT-IN TIME-OF-USE TARIFFS ON THE
33 ELECTRIC DISTRIBUTION SYSTEM;

1 **(2) THE TIMELINE, FEASIBILITY, AND MERITS OF TRANSITIONING ALL**
2 **CUSTOMERS TO A TIME-OF-USE TARIFF ON AN OPT-OUT BASIS; AND**

3 **(3) WHETHER A FULL TRANSITION TO TIME-OF-USE RATES IS**
4 **JUSTIFIED.**

5 **(E) AN INVESTOR-OWNED ELECTRIC COMPANY MAY RECOVER ALL**
6 **REASONABLE AND PRUDENT COSTS, INCLUDING MARKETING COSTS, TO ACHIEVE ITS**
7 **PROPOSED ENROLLMENT TARGETS AND EXECUTE ITS RESPONSIBILITIES IN**
8 **ACCORDANCE WITH THIS SECTION.**

9 **(F) FOR GOOD CAUSE SHOWN, THE COMMISSION MAY DELAY FOR A**
10 **REASONABLE PERIOD OF TIME THE DEADLINE FOR AN INVESTOR-OWNED ELECTRIC**
11 **COMPANY TO COMPLY WITH THE PROVISIONS OF THIS SECTION.**

12 **(G) (1) A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE**
13 **MAY FILE WITH THE COMMISSION ONE OR MORE TIME-OF-USE TARIFFS IN THE**
14 **SAME MANNER AS AN INVESTOR-OWNED ELECTRIC COMPANY UNDER THIS SECTION.**

15 **(2) IF A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE**
16 **ELECTS TO FILE WITH THE COMMISSION A TIME-OF-USE TARIFF UNDER THIS**
17 **SECTION, THE PROVISIONS OF THIS SECTION THAT APPLY TO AN INVESTOR-OWNED**
18 **ELECTRIC COMPANY SHALL ALSO APPLY TO THE MUNICIPAL ELECTRIC UTILITY OR**
19 **ELECTRIC COOPERATIVE.**

20 **7-1004.**

21 **(A) ON OR BEFORE ~~APRIL~~ MAY 1, 2025, THE COMMISSION SHALL ADOPT**
22 **REGULATIONS TO:**

23 **(1) ESTABLISH EXPEDITED PROCESSES FOR INTERCONNECTING THE**
24 **FOLLOWING SYSTEMS TO THE ELECTRIC DISTRIBUTION SYSTEM:**

25 ~~**(1)**~~ **(I) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS CAPABLE OF**
26 **PROVIDING ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM; AND**

27 ~~**(2)**~~ **(II) BIDIRECTIONAL ELECTRIC VEHICLE SYSTEMS THAT DO NOT**
28 **PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM BUT DO PROVIDE**
29 **ELECTRICITY TO A HOME, BUSINESS, OR OTHER STRUCTURE SERVICED BY AN**
30 **ELECTRIC INVESTOR-OWNED ELECTRIC COMPANY; AND**

31 **(2) PROVIDE INVESTOR-OWNED ELECTRIC COMPANIES WITH**
32 **ADEQUATE TIME TO ENSURE ELECTRIC DISTRIBUTION SYSTEM RELIABILITY IN**

1 ADVANCE OF THE INTERCONNECTIONS DESCRIBED IN ITEM (1) OF THIS
2 SUBSECTION.

3 (B) ~~AN ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY:

4 (1) MAY REQUIRE A CUSTOMER TO PROVIDE NOTICE TO THE
5 ~~ELECTRIC INVESTOR-OWNED ELECTRIC~~ COMPANY IF THE CUSTOMER INSTALLS A
6 BIDIRECTIONAL ELECTRIC VEHICLE SYSTEM DESCRIBED IN SUBSECTION ~~(A)~~
7 (A)(1)(II) OF THIS SECTION; BUT AND

8 ~~(2) MAY NOT REQUIRE THE CUSTOMER TO ENTER INTO A NET ENERGY~~
9 ~~METERING CONTRACT OR OTHERWISE APPLY FOR INTERCONNECTION WITH THE~~
10 ~~ELECTRIC DISTRIBUTION SYSTEM.~~

11 (2) SHALL REQUIRE A CUSTOMER TO APPLY FOR INTERCONNECTION
12 IF THE CUSTOMER CONFIGURES A BIDIRECTIONAL ELECTRIC VEHICLE SYSTEM TO
13 PROVIDE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM.

14 (C) A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC COOPERATIVE MAY
15 COMPLY WITH THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION IN THE
16 SAME MANNER AS AN INVESTOR-OWNED ELECTRIC COMPANY.

17 7-1005.

18 (A) ~~(1)~~ THE COMMISSION SHALL DEVELOP A PROGRAM FOR EACH
19 ~~ELECTRIC INVESTOR-OWNED ELECTRIC~~ COMPANY TO ESTABLISH A PILOT PROGRAM
20 OR TEMPORARY TARIFF TO COMPENSATE OWNERS AND AGGREGATORS OF
21 DISTRIBUTED ENERGY RESOURCES FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT
22 SERVICES ~~ON A PAY FOR PERFORMANCE BASIS~~ THROUGH AN INCENTIVE
23 MECHANISM DETERMINED BY THE COMMISSION.

24 ~~(2) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL~~
25 ~~ADOPT REGULATIONS ESTABLISHING PROGRAM REQUIREMENTS TO ACHIEVE~~
26 ~~ELECTRIC SYSTEM BENEFITS USING DISTRIBUTED ENERGY RESOURCES.~~

27 (B) (1) (I) ON OR BEFORE JULY 1, 2025, EACH ~~ELECTRIC~~
28 INVESTOR-OWNED ELECTRIC COMPANY SHALL SUBMIT TO THE COMMISSION FOR
29 APPROVAL A PILOT PROGRAM OR TEMPORARY TARIFF FOR ELECTRIC
30 DISTRIBUTION SYSTEM SUPPORT SERVICES THAT PROVIDES REASONABLE
31 COMPENSATION ~~ON A PAY FOR PERFORMANCE BASIS TO RENEWABLE ON-SITE~~
32 ~~GENERATING SYSTEMS~~ THROUGH A MECHANISM DETERMINED BY THE
33 COMMISSION.

~~(2)~~ (II) THE PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER ~~PARAGRAPH (1) OF THIS SUBSECTION~~ SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL PROVIDE THAT ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES TO ON-SITE ENERGY STORAGE DEVICES BE USED FOR SYSTEM PEAK REDUCTION ~~ACCORDING TO A SCHEDULE AT A FREQUENCY OF AT LEAST 30 EVENTS PER YEAR.~~

~~(C) ANY PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER THIS SECTION SHALL ESTABLISH A STRUCTURE FOR PERFORMANCE PAYMENTS THAT IS DESIGNED TO COVER THE COST OF DISTRIBUTED ENERGY RESOURCES TO AN OWNER OR AGGREGATOR PROVIDING ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.~~

(2) (I) A MUNICIPAL ELECTRIC UTILITY OR AN ELECTRIC COOPERATIVE MAY ESTABLISH A PILOT PROGRAM, TEMPORARY TARIFF, OR PERFORMANCE MECHANISM UNDER THIS SECTION.

(II) IF A MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE ESTABLISHES A PILOT PROGRAM, TEMPORARY TARIFF, OR PERFORMANCE MECHANISM UNDER THIS SECTION, THE PROVISIONS OF THIS SECTION AND §§ 7-1006 AND 7-1007 OF THIS SUBTITLE THAT APPLY TO AN INVESTOR-OWNED ELECTRIC COMPANY SHALL ALSO APPLY TO THE MUNICIPAL ELECTRIC UTILITY OR ELECTRIC COOPERATIVE.

(C) (1) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN INVESTOR-OWNED ELECTRIC COMPANY MAY PROPOSE AND SUBMIT TO THE COMMISSION A PERFORMANCE MECHANISM TO COVER THE COST OF USING DISTRIBUTED ENERGY RESOURCES OR AN AGGREGATOR OF DISTRIBUTED ENERGY RESOURCES UNDER THIS SUBTITLE.

(2) THE COMMISSION MAY APPROVE A PERFORMANCE MECHANISM SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE COMMISSION DETERMINES THAT THE PERFORMANCE MECHANISM IS IN THE PUBLIC INTEREST.

(D) (1) ~~ON OR BEFORE OCTOBER 1, 2025, THE~~ THE COMMISSION SHALL APPROVE, DENY, OR APPROVE WITH AMENDMENTS A PILOT PROGRAM OR TEMPORARY TARIFF SUBMITTED UNDER THIS SECTION FOR EACH ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY IN AN EXPEDITED MANNER.

(2) ~~THE COMMISSION SHALL~~ IF THE COMMISSION DETERMINES THAT ~~TRANSITIONING A PILOT PROGRAM OR TEMPORARY TARIFF TO A PERMANENT PROGRAM OR TARIFF IS IN THE PUBLIC INTEREST, THE COMMISSION MAY ESTABLISH A PROCESS FOR AN ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY~~

1 TO TRANSITION A PILOT PROGRAM OR TEMPORARY TARIFF TO A PERMANENT
2 PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES.

3 (3) ~~EACH~~ IF THE COMMISSION DETERMINES THE TRANSITION TO A
4 PERMANENT PROGRAM OR TARIFF IS IN THE PUBLIC INTEREST, EACH CUSTOMER
5 PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY TARIFF APPROVED UNDER
6 PARAGRAPH (1) OF THIS SUBSECTION ~~SHALL~~ MAY BE TRANSITIONED TO A
7 PERMANENT PROGRAM OR TARIFF FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT
8 SERVICES WHEN THE PROGRAM OR TARIFF IS APPROVED BY THE COMMISSION.

9 (E) (1) THE COMMISSION MAY ALLOW THE ENERGY GENERATED BY A
10 RENEWABLE ON-SITE GENERATING SYSTEM THAT PROVIDES ELECTRIC
11 DISTRIBUTION SYSTEM SUPPORT SERVICE UNDER A PILOT PROGRAM OR
12 TEMPORARY TARIFF APPROVED UNDER SUBSECTION (D)(1) OF THIS SECTION TO
13 COUNT TOWARDS THE ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY'S
14 GREENHOUSE EMISSIONS REDUCTION GOALS UNDER § 7-211 OF THIS TITLE.

15 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE
16 CUMULATIVE ENERGY STORAGE CAPACITY OF ANY ENERGY STORAGE DEVICES
17 INSTALLED ON A CUSTOMER'S PROPERTY IN ACCORDANCE WITH THIS SUBTITLE
18 SHALL COUNT TOWARDS THE TARGETS ESTABLISHED UNDER § 7-216.1 OF THIS
19 TITLE.

20 (II) SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT
21 INCLUDE THE ENERGY STORAGE CAPACITY OF:

22 1. ELECTRIC VEHICLES THAT ARE PART OF A
23 RENEWABLE ON-SITE GENERATING SYSTEM; OR

24 2. MOBILE ENERGY STORAGE DEVICES.

25 (F) THE CUMULATIVE NAMEPLATE CAPACITY OF RENEWABLE ON-SITE
26 GENERATING SYSTEMS PARTICIPATING IN A PILOT PROGRAM OR TEMPORARY
27 TARIFF APPROVED UNDER THIS SECTION MAY NOT EXCEED 2% OF THE
28 INVESTOR-OWNED ELECTRIC COMPANY'S HIGHEST RECORDED COINCIDENT PEAK
29 DEMAND.

30 7-1006.

31 (A) (1) THE COMMISSION MAY APPROVE OR REQUIRE AN
32 INVESTOR-OWNED ELECTRIC COMPANY TO OFFER UPFRONT INCENTIVES OR
33 REBATES TO CUSTOMERS TO ACQUIRE AND INSTALL RENEWABLE ON-SITE
34 GENERATING SYSTEMS IF THE CUSTOMER:

(I) ENROLLS IN A PILOT PROGRAM OR TEMPORARY TARIFF ESTABLISHED UNDER § 7-1005 OF THIS SUBTITLE; AND

(II) ALLOWS THE SYSTEM TO BE USED FOR ELECTRIC DISTRIBUTION SYSTEM SUPPORT SERVICES FOR A PERIOD OF NOT LESS THAN 5 YEARS.

(2) THE COMMISSION MAY:

(I) AUTHORIZE OR REQUIRE AN INVESTOR-OWNED ELECTRIC COMPANY TO PROVIDE AN ADDITIONAL INCENTIVE OR REBATE FOR LOW- OR MODERATE-INCOME CUSTOMERS WHO APPLY FOR AN INCENTIVE OR REBATE UNDER THIS SECTION; AND

(II) REQUIRE AN INVESTOR-OWNED ELECTRIC COMPANY TO PRIORITIZE THE OFFER OF INCENTIVES OR REBATES UNDER THIS SECTION TO LOW- OR MODERATE-INCOME CUSTOMERS.

(B) IN DETERMINING WHETHER TO REQUIRE AN INVESTOR-OWNED ELECTRIC COMPANY TO OFFER AN INCENTIVE OR REBATE UNDER THIS SECTION, THE COMMISSION SHALL CONSIDER:

(1) THE BENEFIT OF REDUCING THE OPERATION OF PEAK GENERATING FACILITIES IN OVERBURDENED AND UNDERSERVED COMMUNITIES;

(2) THE BENEFIT OF RESILIENCY AND SERVICE OUTAGE AVOIDANCE FOR CUSTOMERS WITH ON-SITE GENERATING SYSTEMS; AND

(3) THE POTENTIAL FOR ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANIES TO REDUCE EXPENSES RELATING TO ELECTRIC DISTRIBUTION SYSTEM INFRASTRUCTURE BY LEVERAGING CUSTOMERS' ON-SITE GENERATING SYSTEMS.

(C) THE COMMISSION SHALL CONSIDER ESTABLISHING A LIMIT ON THE AMOUNT OF INCENTIVES OR REBATES ISSUED IN A MANNER THAT ACHIEVES DEPLOYMENT GOALS WHILE MITIGATING POTENTIAL CUSTOMER IMPACTS.

(D) THE COMMISSION SHALL CONSULT WITH THE MARYLAND ENERGY ADMINISTRATION, WHEN APPROVING OR REQUIRING AN INCENTIVE OR REBATE UNDER THIS SECTION, TO ENSURE THAT THE INCENTIVE OR REBATE IS DESIGNED TO SUPPLEMENT, TO THE GREATEST EXTENT POSSIBLE, OTHER AVAILABLE STATE AND FEDERAL INCENTIVES FOR CUSTOMER ADOPTION OF RENEWABLE ON-SITE GENERATING SYSTEMS.

7-1007.

1 (A) AN ~~ELECTRIC~~ INVESTOR-OWNED ELECTRIC COMPANY MAY RECOVER
2 ALL REASONABLE COSTS INCURRED IN:

3 (1) PARTICIPATING IN A ~~PILOT PROGRAM OR TEMPORARY TARIFF~~
4 AND ADMINISTERING A PROGRAM UNDER § 7-1005 OF THIS SUBTITLE; AND

5 (2) OFFERING AN UPFRONT INCENTIVE OR REBATE UNDER § 7-1006
6 OF THIS SUBTITLE.

7 (B) TO THE EXTENT FEASIBLE, THE COSTS LISTED IN SUBSECTION (A) OF
8 THIS SECTION SHALL BE RECOVERED BY THE ~~ELECTRIC~~ INVESTOR-OWNED
9 ELECTRIC COMPANY WITHIN THE CALENDAR YEAR IN WHICH THOSE COSTS WERE
10 INCURRED.

11 (C) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE, AN ~~ELECTRIC~~
12 INVESTOR-OWNED ELECTRIC COMPANY MAY PURSUE AND USE A PERFORMANCE
13 INCENTIVE MECHANISM TO COVER THE COST OF USING DISTRIBUTED ENERGY
14 RESOURCES OR AN AGGREGATOR OF DISTRIBUTED RESOURCES UNDER THIS
15 SUBTITLE.

16 ~~7-1008.~~

17 (A) ~~THIS SECTION APPLIES ONLY TO AN ELIGIBLE CUSTOMER GENERATOR~~
18 ~~THAT IS:~~

19 (1) ~~PARTICIPATING IN AN ELECTRIC COMPANY'S NET ENERGY~~
20 ~~METERING PROGRAM; AND~~

21 (2) ~~USING AN ENERGY STORAGE DEVICE THAT:~~

22 (I) ~~IS CHARGED ONLY FROM THE ELIGIBLE~~
23 ~~CUSTOMER GENERATOR'S GENERATING FACILITY THAT CREATES NET EXCESS~~
24 ~~GENERATION; OR~~

25 (H) ~~ACCRUES NET EXCESS GENERATION ONLY FOR ENERGY~~
26 ~~CREATED BY AN ON-SITE ENERGY GENERATING SYSTEM.~~

27 (B) ~~THE DISPATCH OF ENERGY FROM AN ENERGY STORAGE DEVICE TO THE~~
28 ~~ELECTRIC DISTRIBUTION SYSTEM UNDER A PILOT PROGRAM OR TEMPORARY~~
29 ~~TARIFF ESTABLISHED UNDER § 7-1005 OF THIS SUBTITLE MAY NOT BE CONSIDERED~~
30 ~~DUPLICATIVE OF ANY VALUE REALIZED BY THE ELIGIBLE CUSTOMER GENERATOR~~
31 ~~THROUGH NET ENERGY METERING.~~

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.